

Message Text

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70

ACTION EB-11

INFO OCT-01 EUR-25 NEA-14 ISO-00 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-03 COME-00 DODE-00 FPC-01 H-03 INR-11

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 FEA-02 PA-04

PRS-01 USIA-15 DRC-01 /193 W
----- 074126

R 191315Z SEP 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 3996

AMEMBASSY TEHRAN

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

AMEMBASSY VIENNA

C O N F I D E N T I A L NEW DELHI 12551

VIENNA FOR AMBASSADOR MOYNIHAN

E.O. 11652: GDS

TAGS: EMIN, ETRD, IR, IN

SUBJ: KUDREMUKE IRON ORE PROJECT

REF: A) TEHRAN 7704; B) TEHRAN 7149

SUMMARY: INDIAN GOVERNMENT IS PREPARED TO ACCEPT A MAJOR CONTRACTUAL ROLE FOR FOREIGN COMPANIES IN THE KUDREMUKE IRON ORE PROJECT. ACTUAL NEGOTIATIONS MUST WAIT UNTIL AFTER THE SHAHS VISIT IN EARLY OCTOBER. END SUMMARY.

1. ECON COUNSELOR LANDE AND MINATT SWEETWOOD MET WITH MINISTRY OF STEEL AND MINES SECRETARY, WADUD KHAN, SEPTEMBER 18 TO ATTEMPT TO FURTHER OUR EFFORTS TO ENHANCE AMERICAN COMPANY PARTICIPATION IN AN INDO/IRANIAN DEVELOPMENT OF THE KUDREMUKE
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IRON ORE OCCURRENCE. IN GENERAL, FACTUAL SITUATION DESCRIBED

IN SWEETWOOD/LUNDY LETTER OF AUGUST 30, AND IN REF A, REMAIN VALID.

2. KHAN AGREED THAT AMERICAN EXPERTISE IN LARGE SCALE IRON ORE MINING AND CONCENTRATION IS "OUTSTANDING", BUT NONETHELESS ALSO STRESSED THAT THE GOI RECOGNIZES IRON ORE DEVELOPMENT CAPABILITIES AVAILABLE FROM SWEDEN, WEST GERMANY AND "INTERNATIONAL CONSORTIA" IN AUSTRALIA AS WELL. HE NOTED THAT HIS MINISTRY IS CURRENTLY CONSIDERING FURTHER CONTACTS WITH FOREIGN FIRMS, BUT SAID THAT PLANS HAVE NOT YET DEVELOPED TO A STAGE THAT WOULD PERMIT DETAILED NEGOTIATIONS. WE INQUIRED IF WE COULD BE OF ANY ASSISTANCE TO THE GOI IN THIS MATTER AND WERE TOLD THAT HE (KHAN) WOULD BE IN A BETTER POSITION TO ADDRESS THIS QUESTION "EARLY IN OCTOBER". HE ASKED, HOWEVER, IF WE WOULD, IN THE MEANTIME, PROVIDE HIM WITH A LIST OF AMERICAN FIRMS THAT HAVE THE KNOW-HOW REQUIRED FOR A FULL SCALE DEVELOPMENT OF KUDREMUKH. WE AGREED TO DO SO, BUT POINTED OUT THAT WE DO NOT YET KNOW IF THESE COMPANIES CURRENTLY HAVE THE AVAILABLE MANPOWER, TIME OR OPPORTUNITY TO DEVOTE TO AN UNDERTAKING OF THIS MAGNITUDE. WE SUGGESTED THAT WE JOINTLY EXPLORE THIS ASPECT, BUT AGAIN HE COUNTERED WITH THE PROPOSAL THAT "EARLY OCTOBER" MAY BE A BETTER TIME TO DISCUSS DETAILS. (COMMENT: WE INTERPRET THE EARLY OCTOBER TARGET TO MEAN THAT THE INDO/IRANIAN KUDREMUKH AGREEMENT, CURRENTLY BEING WORKED OUT, MAY BE SIGNED OR OTHERWISE ANNOUNCED DURING THE SHAH OF IRAN'S VISIT TO INDIA. END COMMENT).

3. WE ARE ENCOURAGED BY KHAN'S READY ACCEPTANCE OF A MAJOR ROLE FOR FOREIGN COMPANIES AND HIS HIGH REGARD FOR AMERICAN EXPERTISE AND EXPERIENCE. WITH THE IRANIAN 36-42 MONTH DEADLINE WHICH THE INDIANS HAVE ACCEPTED, THE GOI WILL HAVE TO MOVE FAST. WE WANT TO MAKE SURE THAT ALL POTENTIAL US PARTICIPANTS KNOW OF THIS OPPORTUNITY AND ARE CONSIDERING THE BEST WAY TO NOTIFY THEM EITHER PRIOR TO OR AFTER THE SHAH'S VISIT. FOR THE PRESENT WE SUGGEST THE DEPARTMENT TAKE NO ACTION TO NOTIFY FIRMS.

4. FOR TEHRAN: WE BELIEVE NOW THAT HAROLD ANDRESEN, DIRECTOR, KAISER ENGINEERS MIDDLE EAST (REF B), WOULD BE WELL RECEIVED BY THE GOI, SHOULD HE WISH TO COME TO NEW DELHI AT THIS TIME. A VISIT HERE AFTER THE SHAH'S VISIT MIGHT PERMIT
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MORE SUBSTANTIVE DISCUSSIONS. IN EITHER CASE, PLEASE LET US KNOW AND WE WOULD BE GLAD TO ASSIST.
SCHNEIDER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IRON, MINING CONCESSIONS, MINING INDUSTRY
Control Number: n/a
Copy: SINGLE
Draft Date: 19 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974NEWDE12551
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740263-0688
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740932/aaaabaoq.tel
Line Count: 110
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A) TEHRAN 7704; B) TEHRAN 7149
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 21 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 MAR 2002 by elyme>; APPROVED <20 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: KUDREMUH IRON ORE PROJECT
TAGS: EMIN, ETRD, BEXP, IR, IN, US
To: STATE TEHRAN
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005